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TAGS: [EAIR](#) [ECON](#) [EIND](#) [PREL](#) [EI](#)
SUBJECT: PRIME MINISTER AHERN AND GOVERNOR BUSH DISCUSS
BENEFITS OF EDUCATION, R&D, AND OPEN SKIES

Classified By: Ambassador James C. Kenny; Reasons 1.4 (B) and (D).

11. (C) Summary: In a July 21 meeting, Florida Governor Jeb Bush, Prime Minister Bertie Ahern, and the Ambassador discussed the importance of education, R&D funding, and liberal commercial aviation policies in sustaining Ireland's and Florida's economic successes. Prime Minister Ahern cited Irish Government plans to invest euro 10 billion over six years in graduate education and university-affiliated R&D facilities, in the hope that higher numbers of Ph.D. students would attract more foreign investment in high-tech sectors. He lamented, however, that most EU Member States, including Ireland, had been unable to reach the EU goal of funding R&D at three percent of national GDP, leaving Europe far behind the United States in research support. Governor Bush observed that Florida's continued transition from an agriculture-heavy economy to a high-tech, high-wage center would, as in Ireland, depend on education, particularly in math and sciences. He noted that his administration had committed USD four million to a Florida program to identify and train high school math and science teachers to make these fields more rewarding for students. Prime Minister Ahern said that there were "fantastic opportunities" for Irish tourism and business with the prospective U.S.-EU aviation agreement, and he commented that Ireland had been "backward" in not having already established Open Skies with the United States. Governor Bush replied that he was a strong advocate of Open Skies, to the extent of having angered U.S. legacy carriers in his support for opportunities by foreign carriers to franchise in the United States. Comment: Prime Minister Ahern's enthusiasm for Open Skies suggests not only that Ireland will continue to push the EU Transport Council to approve the draft U.S.-EU aviation agreement this autumn, but also that the Irish Government might be willing to consider bilateral arrangements in the event the U.S.-EU agreement were not signed. End summary and comment.

Florida and Ireland: Education and R&D

12. (C) The Irish Government will focus on education and R&D to build the human capital necessary to sustain the strong economic growth, low unemployment, and positive fiscal position achieved in recent decades, Prime Minister Taoiseach Bertie Ahern said in a July 21 meeting with Florida Governor Jeb Bush and the Ambassador. Prime Minister Ahern observed that, with over 90 percent of young people graduating from the second level (high school), the task was to build up the third level (universities, now attended by two-thirds of college-age youth) and fourth-level (graduate/post-graduate) programs. This year, therefore, the Government had committed euro five billion over six years to improve the third and fourth levels, with the goal of producing more Ph.D. students for eventual employment in cutting-edge technology sectors. To continue to attract investments akin to the euro two billion facility opened by U.S. pharmaceutical giant Wyeth in

2005, Irish students would have to be able to compete at the highest international levels, explained Ahern. (Note: In recent months, U.S. subsidiaries have told the Embassy about their difficulties in filling positions requiring graduate/Ph.D. qualifications, a factor that, they said, could impinge on future investments in Ireland.)

13. (C) Prime Minister Ahern noted that the Irish Government had likewise committed euro five billion over six years to R&D, primarily research facilities at Irish universities as well as programs to promote collaboration with overseas institutions, including U.S. Ivy League schools. Ahern recounted that the Government budget for R&D had been zero when he assumed office in 1997. Later he helped to establish Science Foundation Ireland (SFI), a body to administer euro 635 million between 2000 and 2006 to support research in biotechnology and ICT. The key to SFI's success, said Ahern, has been the body's requirement that researchers compete for available funds through international peer assessments, as opposed to funding arrangements that might favor proposals on the basis of the researchers' family, political, or regional connections. Patents and new products have flowed from SFI's approach, which has drawn talented scientists, including foreigners and Irish expatriates, to Ireland as a research hub. Ahern lamented, however, that most EU Member States, including Ireland, had been unable to reach the EU goal of funding R&D at three percent of national GDP, leaving Europe far behind the United States in R&D support.

14. (C) Governor Bush responded that Ireland's economic success had shown the benefits of strong political leadership, and he noted that Florida's transition from dependence on agriculture and tourism to reliance on high-tech, high-wage industries had paralleled Ireland's experience. He pointed out that Florida, like Ireland, saw

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education as critical in sustaining the state's economic evolution. He observed that the number of math, hard science, and engineering graduates were lagging in Florida and the United States generally, a trend that spelled trouble for innovative technology sectors. To address this problem, Governor Bush's administration had committed USD four million to a Florida program to identify and train high school math and science teachers to make these fields more rewarding for students. He also cited President Bush's success in doubling research funding through the National Science Foundation and the National Institutes of Health to USD 28 billion, a level that still fell short of roughly USD 60 billion in national demand for research funds. He added, however, that domestic debate on stem cell research had overshadowed the President's efforts.

Ireland Wants Open Skies

15. (C) There are "fantastic opportunities" for Ireland with the hoped-for signing of the U.S.-EU Open Skies agreement later this year, noted Ahern. He explained that increased access to the U.S. market for Irish carriers, as well as the easing of the Shannon Stop requirement for U.S. carriers, would boost two-way tourism and business, two additional pillars of Ireland's continued economic success. He observed that Ireland had been "backward" in not having already established Open Skies with the United States, and he cited Irish overtures to the USG last year on the possibility of more liberal aviation relations. The Prime Minister pointed out that one in eight Irish who traveled overseas in 2005 visited the United States, and the Ambassador added that over 100,000 Irish women last year had visited New York alone. Ahern also cited Ireland's hopes for the re-establishment of direct service to Florida in an Open Skies context, with Aer Lingus having ceased Orlando flights last year. Ahern elaborated that Ireland's poor weather between November and March would make Florida an ideal vacation spot during that time of year.

¶16. (C) In reply, Governor Bush noted his long-standing strong support for Open Skies, and he claimed to have lobbied Congress regularly on the issue in the interest of making Florida even more tourist-friendly. He said that "he could care less" whether airlines entering Florida were domestic or foreign-owned, so long as they fulfilled all safety and security requirements. The Governor believed that U.S. legacy carriers were disingenuous to press the USG for increased access overseas while also opposing opportunities for foreign carriers to franchise in the United States. He also claimed that he had angered Delta and United Airlines by making this point to them directly. He remarked that the USG should be wary of policies that might protect legacy carriers, noting that "if we had adopted such policies for Florida, low-cost carriers Southwest and Jet Blue would not today rank first and second in passenger traffic to the state." He argued that the USG approach to international aviation should likewise aim to expose the legacy carriers to competition, while also promoting new technology to streamline security screening at U.S. airports. Regarding the U.S.-EU agreement, he recalled recent conversations with German transportation officials who advocated the establishment of uniform standards for foreign ownership in the trans-Atlantic market.

Comment: Possible Bilateral Options on Open Skies

¶17. (C) Prime Minister Ahern's enthusiasm for Open Skies suggests not only that Ireland will continue to push the EU Transport Council to approve the draft U.S.-EU aviation agreement this autumn, but also that the Irish Government might be willing to consider bilateral arrangements in the event the U.S.-EU agreement were not signed. Post understands that Irish transport officials had alluded to the possibility of bilateral options on the margins of the U.S.-EU aviation discussions in May, notwithstanding the Commission's mandate to negotiate on behalf of Member States. Per earlier correspondence with EB/TRA, Post will push back on any Irish inquiries about bilateral options for now, while encouraging Irish transport officials to support an affirmative Transport Council decision in October on the U.S.-EU agreement.

Meeting Participants

¶18. (U) Other Irish participants in the meeting were Michael Collins, Second Secretary General in the Department of the Taoiseach, Sharon Finegan, Deputy Director for Northern Ireland in the same department, and Paul Bates, Assistant

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Secretary for Tourism in the Department of Arts, Sport, and

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Tourism. The U.S. side included econoff and Pamela Dana, Director of the Florida Office of Tourism, Trade, and Economic Development.

¶19. (U) Governor Bush did not have an opportunity to clear this message.
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